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Approved For Release 2005/07/12 : CIA-RDP82-00357R000200100003-0

78-1027

4 APR 1978

COMMENT

In an effort to improve the process of selecting out unsatisfactory employees CIA has recently extended the probationary period for new employees from one to three years. The Investigative Staff believes this period of probation should be five years to allow a better chance to evaluate the employee in an overseas environment. This would be in accordance with an internal CIA suggestion that case officers be reviewed for retention or separation after five years or upon completion of two overseas tours. Another internal recommendation was that a similar review be made after 20 years service to determine if the officer has senior executive potential or should be retired.

QUESTIONS

1. What plans does the Agency have to improve the selection out process for unsatisfactory case officers?

2. What consideration has been given the recommendation that case officers performance be reviewed at the end of 5 years or the completion of two overseas tours for consideration of selection out and again at the end of 20 years for forced retirement?

3. Will the Agency continue to assign case officers found to be weak in overseas assignments to Headquarters jobs with no further plans for their overseas assignment or utilization?

Questions 1 and 2 more properly should be answered by the Director of Personnel. It is he who establishes Agency personnel policy with which the Operations Directorate must comply.

The new DDO, in charge since January 1978, has made it abundantly clear that he intends to vigorously continue to weed out yearly those officers, per Agency Regulation [redacted] who are found in the low 3% ranking for two consecutive years. The

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Operations Directorate intends to ask the Director of Personnel to change the current regulation so we would be authorized to weed out officers found in the low 5% vice 3% in two consecutive years.

The Operations Directorate has a need for officers with a wide variety of skills. In addition, the Operations Directorate is committed to an equal opportunity plan and to upward mobility and to provide career enhancing assignments for all of its employees. Thus, we are constantly evaluating our officers to insure that we place them within proper and profitable career tracks within the Directorate. Many officers who cannot measure up competitively as field case officers have turned out to be remarkably proficient in other career functions. Some field case officers have been found to be more capable in one area of the world than in another. It is not and never has been a case of simply reassigning a less than proficient case officer overseas to a Headquarters job simply for the sake of giving him an assignment.

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COMMENT

In effecting the reductions in the Clandestine Service [] positions in FY 1978 and FY 1979, it was the stated intent of the Deputy Director for Operations as late as September 1977, to take all of these reductions from headquarters elements and ultimately to achieve a headquarters/field ratio of [] However, [] positions were included in the FY 1978 cut and an unknown additional number of field reductions will take place in the FY 1979 cut, according to preliminary indications from the area divisions.

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The Investigative Staff has found, particularly as a result of work reviews and interviews conducted during visits to overseas stations, that field positions can be reduced on the order [] positions. Although the Operations Directorate plans to review its field structure later for impact in the FY 1980 budget, it is believed that the field reductions can be absorbed in FY 1979; however, whatever portion of the FY's 1978-1979 headquarters cut [] is currently applied to the field, that same number should be backed out of the future field cut and applied to headquarters. (Pages 239-241 and 259-261)

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QUESTIONS

1. Why has DO failed to carry out the stated intention of making all of the planned FY 1978 and FY 1979 reductions from headquarters elements not followed?

2. What is your present headquarters/field ratio and what ratio do you plan to ultimately achieve?

3. Has the study of field structure in the Operations Directorate been completed?

4. When do you plan to complete it and what reductions in field strengths are envisioned?

5. If a field cut [] were applied to FY 1979, could you not make balancing adjustments from that so that the originally planned reduction [] at headquarters could then be accommodated?

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As of 3 April 1978, the FY 78-FY 79 [] reduction will be reached by a reduction of [] positions at Headquarters and [] in the field. (Field means []) The stated intention of the FY 78 and FY 79 reductions was to take the bulk of the reduction at Headquarters. The above figures indicate that we have done so. Additionally, as part of the reduction goals, we wanted to reduce the number of support (in its broadest definition) positions overseas to insure that the majority of our overseas staff are professional case officers engaged in the collection of foreign intelligence. The [] position reduction overseas is composed of a number of support positions which we have judged we can do without. It also includes certain overseas positions for which there is no longer an operational justification to maintain.

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The proposed study of field structure in the Operations Directorate has not yet been initiated. The new DDO has decided to postpone this study until he can more properly assess the effects of the [] reduction which the Operations Directorate is now undergoing in FY 78 and FY 79. Thus, we are unable to comment at this time as to what reductions might be possible in the field. We have no plans at the moment to reduce the Operations Directorate in FY 79 other than the already planned reduction []

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Attachment: Chart

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COMMENT

25X1 The Investigative Staff found an inordinate ratio of support
25X1 personnel in the area divisions supporting the officers actually
25X1 handling cases in the field. It was particularly true in the Europe
Division where there are [] support positions for every case-
handling officer overall and [] to each one at the overseas stations.
Half of the European stations have a ratio of employees in a support
role higher than []. Internal studies in CIA have pointed up
the problem of excess support personnel at headquarters and over-
seas. Application of the reductions planned for FY's 1978 and 1979
are a step in the right direction to take corrective measures, but
more needs to be done. (Pages 241-245)

QUESTION

What steps are planned, in addition to the FY 1978 and FY 1979
personnel reductions to reduce support personnel and achieve a
healthier ratio of persons in supporting roles to the officers handling
cases?

The attached chart breaks down for three fiscal years (FY 77,
FY 78 and FY 79) the ratio of support personnel to case officers.
As will be seen, there is an improvement in FY 77 through FY 79
and it is our intent to continue to reduce this ratio of support
personnel to our case officers.

Attachment: Chart

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COMMENT

The Investigative Staff found that in the Directorate of Operations (DO) GS-14 and GS-15 positions represent [redacted] of total positions. The FY 1978 and FY 1979 reductions in these grades amount [redacted]. Based on the [redacted] positions in DO projected for FY 1979, GS-14 and GS-15 positions will represent [redacted]. The average grade in DO in FY 1979 after the reductions is projected as GS-10.9, a marked rise from the GS-10.5 average in FY 1976. (Page 246)

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QUESTION

In view of the significant rise from FY 1976 to FY 1979 in the average grade level in DO, should not the planned reductions in positions for FY 1979 be more heavily concentrated at the GS-14 and GS-15 levels?

We do not believe that we should reduce further our currently planned level of GS-14 and GS-15 officers in FY 79. In FY 79, the Operations Directorate will be reduced [redacted] positions. During the two fiscal years, we will have also reduced some [redacted] and [redacted]. One of the basic objectives of the reduction, in addition to increasing efficiency, was to provide adequate flow-through and promotional opportunities each year. The reduction of [redacted] in FY 79 will limit some promotions. We believe that further reductions at the GS-15 or GS-14 level would seriously negate our stated objective of providing adequate promotional flow-through and career development for our younger officers.

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COMMENT

In examining the use of independent contractors in the Operations Directorate the Investigative Staff found that [] independent contractors existing at June 30, 1977 (in addition to [] others in the process of being converted to contract employees) were being utilized on a full-time basis and appeared to be proper candidates for conversion to contract employee status. It was concluded that although the use of independent contractors is a proper means of hiring persons with unique skills to accomplish specific missions, their use as case officers and in other roles which would normally be filled by employees appears to be a method of avoiding position ceilings. The Agency reviewed the [] cases identified by the Investigative Staff and concluded that [] should have been converted to contract employees [] these have been terminated and [] scheduled to be terminated in March 1978), one is no longer paid, and [] continuing as independent contractors, although some of these admittedly are borderline cases. (Pages 255-259)

QUESTIONS

1. Is not the use of independent contractors in roles normally filled by staff or contract employees a device to avoid position ceilings?
2. What steps is the Agency taking to prevent future employment of independent contractors in roles that should be filled by staff or contract employees?

Question 1 should more properly be responded to by the Director of Personnel.

Question 2: The Operations Directorate has initiated a thorough review of all independent contractors currently being used by the Directorate. We intend to terminate all those who are not being properly utilized as independent contractors.

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We recognize that there have been instances in the past in which individuals have been engaged as independent contractors when ceiling limitations seemed to preclude their use as employees. In part some of this was due to a lack of understanding about the appropriate use of ICs. It can be a difficult decision in many instances, and responsible officers were sometimes not sufficiently sensitive to the differences between employment and independent contractor status. More frequently, however, this situation has come about as a result of change in use of the independent contractor as he takes on additional functions and develops a role increasingly typical of employment. It has been our experience that a number of ICs, whom we have subsequently changed to employees, began their association with us properly engaged as ICs for limited purposes such as providing services, providing access to targets of interest, spotting individuals of potential interest, etc., and from such taskings have developed into case officers or support personnel over a period of time as their experience and usefulness increased.

In addition to the changes incorporated in [] and [] especially paragraph 2 [] which were designed to clarify, and provide increased guidance about, the use of independent contractor status vs. employment, the Operations Directorate has issued two papers designed to augment the Agency directives and to provide means for better control of the use of independent contractors.

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a. On 11 March 1977, the Chief, Career Management Staff issued a memorandum to all DDO components under the subject of "Additional Guidance on Use of Independent Contractor Status". This memorandum provided guidance to Directorate personnel on the nature of independent contractor status and gave some typical examples of its appropriate use in the Directorate.

b. On 16 May 1977, [] Independent Contractors, was issued to provide guidance and standards concerning requests to engage individuals as independent contractors. In addition, it established a new performance report outline embodying more substantive requirements for recording tasking, performance evaluation, etc.

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During the period of about the last year and a half, since attention was focused on this subject in CMS, Directorate level review and participation in decisions regarding use of individuals under independent contractor status has been increased. The results have been a decrease in the number of requests to engage people as independent contractors, a number of instances in which requests have not been approved, and some in which the resolution has been to use the individual as an employee.

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Among the ☐ cases cited in the report a few have been terminated, and in other cases changes of status or use have been made to more clearly follow guidelines (see attached).

Attachment

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31 MAR 1978

MEMORANDUM FOR: Assistant for Information, DDA

FROM : F. W. M. Janney
Director of Personnel

SUBJECT : HAC S&I Team Report

REFERENCE : Informal notes fr AI/DDA dtd 29 Mar 78,
re same subject

In response to AI/DDA informal notes, we have prepared the attached comments on the two HAC issues forwarded with the routing sheet of 29 March 1978. Proposed responses have not been drafted inasmuch as the proposals and questions in both issues are addressed to specific DDO concerns, albeit the questions are posed in terms of "Agency" action. We believe OP comments representing Agency positions and DDO comments reflecting their particular view or action will require melding for a response to HAC.

(Handwritten signature)
F. W. M. Janney

F. W. M. Janney

Attachment

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OP/P&C/RS (31 Mar 78)

This document may be downgraded when
separated from classified attachment.

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